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UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK
Case No. 08-13555-jmp

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In the Matter of:

LEHMAN BROTHERS HOLDINGS INC., ET AL.,

Debtors.

- - - - -x

U.S. Bankruptcy Court
One Bowling Green
New York, New York

December 1, 2010
10:07 AM

B E F O R E:
HON. JAMES M. PECK
U.S. BANKRUPTCY JUDGE

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Hearing re: Debtors' Motion for Approval of the Sale of Lehman
Brothers Special Financing Inc.'s Interest in a Note and its
Equity in Libro Companhia Securitizadora de Creditos
Financeiros

Hearing re: Debtors' Forty-Ninth Omnibus Objection to Claims
(Duplicative of Indenture Trustee Claims)

Hearing re: Debtors' Fifty-Seventh Omnibus Objection to Claims
(Amended and Superseded Claims)

Hearing re: Debtors' Fifty-Eighth Omnibus Objection to Claims
(No Supporting Documentation Claims)

Hearing re: Debtors' Fifty-Ninth Omnibus Objection to Claims
(Duplicative of Indenture Trustee Claims)

Hearing re: Debtors' Sixty-First Omnibus Objection to Claims
(Duplicative of Indenture Trustee Claims)

Hearing re: Debtors' Sixty-Second Omnibus Objection to Claims
(Settled Derivative Claims)

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Hearing re: Debtors' Sixty-Third Omnibus Objection to Claims
(Valued Derivative Claims)

Hearing re: Debtors' Fifty-First Omnibus Objection to Claims
(Duplicative of Indenture Trustee Claims)

Hearing re: Debtors' Sixtieth Omnibus Objection to Claims
(Duplicative of Indenture Trustee Claims)

Transcribed by: Hana Copperman

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1 P R O C E E D I N G S

2 THE COURT: Be seated, please. Good morning.

3 MR. WIN: Good morning, Your Honor. Zaw Win, Weil,
4 Gotshal & Manges, for Lehman Brothers Holdings Inc. and its
5 affiliated debtors. The first item on the agenda is the motion
6 of Lehman Brothers Special Financing for approval of the sale
7 of a note and its equity interests in a company called Libro.
8 I'll spare you the full name, because I'm afraid that I won't
9 be able to pronounce the Portuguese aspect of it.

10 The transaction that's the subject of the motion
11 involves the sale by LBSF and its non-debtor affiliate, LB I
12 Group, of two notes and all of the equity in Libro. Libro is a
13 Brazilian entity that was formed for the purpose of investing
14 in fixed income and distressed assets in Brazil. The purchase
15 agreement provides for an aggregate purchase price of 27
16 million reais, which is approximately 16 million U.S. dollars.
17 Of that approximately 6.2 million reais, or 3.7 million
18 dollars, would be allocated to LBSF directly, with the
19 remainder allocated to LB I Group. LB I Group will
20 subsequently transfer approximately 15 million reais, or 9
21 million dollars, to LBSF as a result of a reallocation
22 agreement between those two entities that was previously
23 approved by the Court. As a result of these transactions
24 LBSF's gross recovery from its debt and equity interests in
25 Libro will be approximately 21 million reais or 12.5 million

1 dollars.

2 There's one material provision of the purchase
3 agreement that I'd like to draw the Court's attention to, and
4 that is there's an escrow where LBSF and LB I Group will place
5 approximately 2.7 million reais, or 1.6 million dollars, of the
6 purchase price into escrow for a period of one year, and there
7 is an indemnity provision in the agreement that provides that
8 LBSF and LB I Group will indemnify the purchaser, which is an
9 entity called Jive Investments Holding, with indemnity for
10 certain losses resulting from breaches by the debtors of the
11 reps and warranties in the purchase agreement and, also,
12 certain litigation against Libro. That indemnity lasts for a
13 period of one year and is limited to the amounts that are in
14 the escrow agreement.

15 The debtors file the declarations of Mr. Luis de Lucio
16 and Mr. Daniel Ehrmann, both managing directors from Alvarez &
17 Marsal, and propose to offer those declarations as evidence of
18 the factual basis of this transaction. The declarations set
19 forth the marketing process that the debtors engaged in with
20 respect to the sale of the notes and equity. That marketing
21 process lasted over a year and involved over twenty-six
22 potential purchasers. The declarations also described the
23 negotiations between Lehman and the purchaser and evidenced the
24 fact that such negotiations were conducted in good faith and at
25 arm's length.

1 November 22, 2010 was set as the deadline for parties
2 to file objections or higher and better offers, to the extent
3 that there were any. The debtors have not received any
4 objections or higher or better offers or any inquiries into
5 this matter, and based on that are confident that the purchase
6 price set forth in the purchase agreement is the highest and
7 best offer for these assets.

8 The debtors also note that they have kept the
9 creditors' committee apprised of the developments with respect
10 to this sale throughout and understand that the committee is
11 generally supportive, although I think that my colleague from
12 Milbank may have a few comments.

13 Accordingly, approval of the transaction is justified,
14 including the findings of fact that are contained in the order
15 relating to the debtors' conduct of the marketing process, the
16 fairness of the consideration, the arm's length nature of the
17 negotiations and the appropriateness of LBSF's sale of these
18 assets free and clear of liens, claims and encumbrances.

19 Does the Court have any questions?

20 THE COURT: I'm interested in the purchaser, which
21 appears to be a British Virgin Islands entity of unknown
22 background and affiliation. What do we know about Jive?

23 MR. WIN: We know that Jive has no relation to the
24 debtors. Other than that, is there anything in particular that
25 you're interested in, or that the Court is interested in?

1 THE COURT: Is Jive affiliated with any recognized
2 financial institution in this country or in any other country
3 that we can identify?

4 MR. WIN: Not to my knowledge.

5 THE COURT: Do we know the principals of Jive?

6 MR. WIN: I don't know the principals of Jive offhand.
7 I have been informed that they are not affiliated with the
8 debtors.

9 THE COURT: Do we know if they are affiliated with any
10 creditor of the debtor or any other entity that's involved in
11 this case?

12 MR. WIN: I don't, but it's possible that one of the
13 declarants who is on the phone from Colombia with Mr. de Lucio
14 may. Would the Court care to direct that question to him?

15 MR. DE LUCIO: Good morning, Your Honor. This is Luis
16 de Lucio. We have met with the principals of Jive. As far as
17 we know in our conversations with him, no, they're not
18 affiliated to any of those entities.

19 THE COURT: Do we know who they are as individuals?

20 MR. DE LUCIO: We do know them. We've met with them.
21 Two of the principals involved in this, one has a private
22 equity background, always with private equity, local Brazil
23 private equities. The other individual has the various --
24 various companies that do investments and asset management.

25 THE COURT: Are these Brazilian nationals?

1 MR. DE LUCIO: They are Brazilian nationals. Yes,
2 they are.

3 THE COURT: All right. Okay. Is there anyone in
4 Court representing Jive? There's no response. Is there anyone
5 on the telephone representing Jive? Again no response. I'd
6 like to hear from counsel for the creditors' committee
7 concerning the committee's assessment of the transaction.

8 MR. O'DONNELL: Your Honor, Dennis O'Donnell,
9 Milbank, Tweed, Hadley & McCloy, on behalf of the creditors'
10 committee. Your Honor, as is often the case when I get up
11 here, I can't tell you that the committee was in the loop on --
12 a long process here. There's a long process, and you start out
13 evaluating what the options were in terms of whether we wanted
14 to put this into bankruptcy in Brazil, do a managed wind-down,
15 or do a sale. Ultimately, the conclusion that we concurred
16 with the debtors in that a sale hearing would maximize the
17 value. That's a decision that was made quite a while ago,
18 probably well over a year, and it's been a long road since
19 then.

20 Now, there has been a very long marketing process in
21 which we were involved. There was, as I think is recited in
22 Mr. de Lucio's affidavit, another potential purchaser, at a
23 significantly higher price, who did surface midyear, but that
24 purchaser, ultimately, decided not to pursue the transaction.
25 And there has been efforts before and after that to interest

1 other purchasers, and at this point, based on everything we
2 know, the transaction with Jive appears to be the highest and
3 best offer.

4 We are not, I, personally, am not aware of the
5 connections of Jive to any -- either creditors in this case or
6 the debtors. I believe Mr. de Lucio has represented that he's
7 not aware of any either. What we do know is that there is a
8 very small universe of potential purchasers out there, and they
9 have surfaced after all this time as the best possible offer.

10 THE COURT: Okay. One of the problems I have with
11 this, and it's not that I'm questioning in any respect the
12 declarations in support of this transaction, is how to compare
13 the amount generated from the sale process with however one
14 might value in some theoretical investment, banker fashion, the
15 assets that are being transferred. And one question that I
16 have for Alvarez & Marsal representatives, and I see Mr.
17 Ehrmann is in court -- I'm not sure if he's the right person to
18 answer this question -- is what notional value does the debtor
19 ascribe to the assets that are being sold, and is the debtor
20 satisfied that the Jive transaction represents fair value
21 relative to other presently available alternatives for
22 disposition? I think that's an important question.

23 MR. KRASNOW: Your Honor, Richard Krasnow. I believe
24 the declarant can respond to that. There was an analysis that
25 was undertaken by the debtors to determine whether or not a

1 disposition of these particular assets, as contemplated by this
2 transaction, would or would not be preferable to simply
3 allowing these assets to wind down, if you will, taking into
4 account potential litigation risks that do exist here because
5 there are collections actions. These are distressed assets,
6 distressed loans. There are collections actions which have
7 been brought seeking to recover on them, and, not surprisingly,
8 many a borrower responds to those by ascertaining claims
9 against the lenders.

10 But there was an analysis that was undertaken, and the
11 conclusion, the benchmark, if you will, that the debtors had in
12 looking at all of the proposals that it had received, the one
13 that, perhaps, was higher but, unfortunately, could not close
14 as well as the proposed transaction which is currently before
15 the Court, was whether or not the amounts we would realize here
16 would be higher than the sale wind down if you will, and based
17 on that analysis the conclusion was reached this is, in fact,
18 higher.

19 In terms of alternative transactions, as was pointed
20 out, this has been a year long process. with bids solicited
21 from, but not obtained from, over twenty to thirty potential
22 parties. There were only three bids, if you will, that were
23 received, one of which we thought would result in a transaction
24 almost a year ago. That did not happen. There was a competing
25 bid to the one that's currently before the Court, which was not

1 higher or better than the bid that is currently being
2 considered. So the kind of analysis that Your Honor has
3 suggested be done, in fact, was done, and if, perhaps, one of
4 the declarants, I'm not sure it would be Mr. Ehrmann, but
5 others on the phone may be in a better position to provide Your
6 Honor with a little more details on the numbers if that's
7 what --

8 THE COURT: I'm interested in simply the comfort of a
9 representation by one of the managing directors of Alvarez &
10 Marsal that the amount realized through the sale process is, in
11 fact, an amount greater than the perceived notional value of
12 these hard to value assets. And part of the problem here is
13 this structure is opaque. At least it's opaque to me, both
14 because the numbers are mostly quoted in reais, because the
15 assets within the pool are hard for me to identify in terms of
16 what they consist of and their realizable value, and it becomes
17 difficult to value what's in a black box.

18 MR. KRASNOW: Understood.

19 THE COURT: And these assets are, effectively, assets
20 in a black box, which, I suspect, may have also added
21 challenges to the marketing process, because their parties need
22 to understand how they can actually extract value.

23 MR. KRASNOW: That, Your Honor, plus the fact that the
24 assets are Brazilian assets.

25 THE COURT: Some might view that as a plus.

1 MR. KRASNOW: One might. One would also need to take
2 into account to the extent that in order to collect on these
3 assets one must pursue remedies within the Brazilian Court
4 System, which is not, as I understand it, a particularly
5 expeditious process, but as to which a Brazilian purchaser is
6 in a much better position to evaluate than a non-Brazilian,
7 which is why, as committee counsel has noted, there was,
8 really, while we looked to potential purchasers not only in
9 Brazil but in the United States the likely candidates were to
10 be Brazilian, but, Your Honor, again, I believe that the -- Mr.
11 de Lucio may be able to respond with more details, but the way,
12 again, the debtors looked at it was not so much the notional
13 value, if you will, but what they believe, based on experience
14 and their knowledge of the portfolio and the issues attendant
15 to them and litigation and tax issues as well, what they
16 believe the realizable value would be on these assets if they
17 had to pursue an alternative task, which, itself, might
18 ultimately have necessitated this particular entity being in a
19 Brazilian proceeding.

20 But, again, Your Honor, if the Court wants a little
21 more details on the numbers I'm --

22 THE COURT: I'm principally looking for a
23 representation by a party who has examined this in some detail
24 that the amount realized in the sale to Jive is, in fact,
25 superior to that which might be realized through any other

1 available means of disposition.

2 MR. KRASNOW: Perhaps Mr. de Lucio can respond to Your
3 Honor?

4 MR. DE LUCIO: I can try to respond to that, Your
5 Honor. We do believe that the amount realized through this
6 transaction will be superior to other alternatives.

7 THE COURT: And can you --

8 MR. DE LUCIO: But, also, we need to take into
9 consideration, as I think Saul has already mentioned, the fact
10 that a big element to the valuation of this portfolio as a
11 whole was the uncertainties of the -- both the tax and labor
12 and legal liabilities that hang over this asset. In effect,
13 the higher bid earlier in the year gave -- it did fall apart
14 because, through the due diligence, and it was a local
15 Brazilian bank, a significant Brazilian bank, BTG, through the
16 due diligence they realized that the value -- that the
17 indicative price that they had put forth did not compensate for
18 the risk of the contingencies.

19 The way we evaluated this was we look at it in three
20 ways. We looked at the ABN portfolio, which is a nonperforming
21 loan portfolio, and we did that based on our experience in the
22 market and on looking at whatever information was available as
23 comparable to the market, and we're comfortable that what's on
24 the table -- to have a piece of the portfolio is a fair price.

25 We also looked at the debtor quality credits in there,

1 and we evaluated that based on a time frame of collections for
2 that and on the cash available. Of course, we attribute to
3 cash the full face value, and to that we subtract the actual
4 liabilities in the portfolio and an assessment of the
5 uncertainty of the contingent liabilities of the portfolio.

6 So, in effect, we do believe that this is the best
7 price available to us selling the entity.

8 THE COURT: All right. Thank you.

9 MR. O'DONNELL: Your Honor, if I may? Just to further
10 supplement what's just been said, I mean, the committee's
11 financial advisor, Houlihan, also looked independently at the
12 underlying assets and the enterprise value or equity value here
13 to be sold and concluded that this sale, doing it another way,
14 doing it under managed wind down, could result in a discount of
15 between twenty-seven and sixty-four percent off the sale price
16 we're getting here. At the low end it's twenty-seven percent,
17 and at the high end a sixty-four percent discount, so based on
18 a fairly detailed, very detailed analysis of the same portfolio
19 independently by the committee's financial advisors we were
20 convinced that what's on the table, the offer for approval, it
21 would yield a significantly better return than any other option
22 here.

23 THE COURT: Okay. Thank you. On the basis of the
24 declarations that I have reviewed as supplemented by the
25 colloquy on the record this morning in response to some of my

1 questions, I'm satisfied that the transaction before the Court
2 in reference to these assets in Brazil represent the highest
3 and best price for a disposition of these assets. I am further
4 satisfied that the creditors' committee has had an ample
5 opportunity to examine the transaction and to express its
6 position in support of the transaction, recognizing that there
7 are a variety of risks associated with alternative means of
8 monetizing the assets within this pool. Under the
9 circumstances I'm prepared to approve this uncontested sale and
10 will enter an appropriate order.

11 MR. WIN: Thank you, Your Honor. With Your Honor's
12 permission, can my clients who were only involved in this
13 aspect of the hearing be excused?

14 THE COURT: Yes.

15 UNIDENTIFIED SPEAKER: Thank you. Your Honor, may I
16 just approach and provide the Court --

17 THE COURT: I think in order to make this an
18 intelligible transcript it's a good thing for you to hand in
19 your card.

20 UNIDENTIFIED SPEAKER: I did.

21 MR. WIN: Also, we understand from the purchaser that
22 it has a significant amount of tax planning that it needs to do
23 prior to the end of the year, so the debtors would appreciate
24 it if the Court would consider this issue and enter an
25 appropriate order in the near term, if that's acceptable.

1 THE COURT: I think the tax planning can take place on
2 a schedule unrelated to the timing of entry of the order, but I
3 will certainly enter the order promptly and expect that I'll do
4 that today.

5 MR. WIN: We appreciate it. Thank you, Your Honor.
6 My colleague, Erin Eckols, will handle the rest of the hearing.

7 THE COURT: Fine.

8 MS. ECKOLS: Good morning, Your Honor. Erin Eckols
9 with Weil, Gotshal for the debtors. I will be covering the
10 remainder of the agenda items, which are debtors' omnibus
11 objections 57 through 63, as well as a couple of carryover
12 items for omnibus objections 49 and 51.

13 Your Honor, there is one change to the agenda that I
14 wanted to inform you of. Agenda item 10, which is omnibus
15 objection number 60 that was listed under contested matters, is
16 now going forward uncontested. There was one unresolved
17 response listed on the agenda for that omni, that of Ms.
18 Mannix, and counsel for the claimant notified us last night
19 that Ms. Mannix withdraws her objection, and, thus, we are now
20 uncontested on that --

21 THE COURT: Okay.

22 MS. ECKOLS: -- that particular omni. In fact, the
23 debtors are proceeding largely uncontested today, as nearly all
24 formal responses have been resolved or adjourned. Only omnibus
25 objection 51 is proceeding on a contested basis today, and

1 unless Your Honor has any questions I will proceed with the
2 specific agenda items.

3 THE COURT: The one question I do have relates to
4 something which is not on the agenda, and that's the twenty-
5 ninth omnibus objection to claims, which, to my understanding,
6 still has an unresolved order. This is the one that involved a
7 contest with August '86 and a possible withdrawal of that
8 objection or reconsideration of that objection. I just wanted
9 to bring to your attention, just as an item of housekeeping,
10 that I'm still waiting for an order in respect of the contested
11 matters in the twenty-ninth omni.

12 MS. ECKOLS: Thank you, Your Honor, and debtors will
13 expeditiously take care of that.

14 THE COURT: Fine.

15 MS. ECKOLS: Agenda item number 2, which is omnibus
16 objection 49, Your Honor, this is a carryover item from the
17 November 10th claims hearing at which you granted debtors'
18 omnibus objection 49. At the time of that hearing the debtors
19 had adjourned their objection as to the claim of Karl Joseph
20 Thoma and his response thereto, so the parties could work on a
21 resolution. Since the November 10th hearing Mr. Thomas has
22 withdrawn his objection to debtors' 49th omni, and his formal
23 notice of withdrawal is docket entry number 13054.

24 Accordingly, the debtors respectfully request that the
25 Court grant debtors' 49th omnibus objection as to Mr. Thoma's

1 claim.

2 THE COURT: That objection is granted.

3 MS. ECKOLS: Moving on to agenda item number 3,
4 omnibus objection 57, this omnibus objection seeks to disallow
5 and expunge claims that were amended and superseded by other
6 claims on the claims register. It, again, is proceeding
7 uncontested, and, thus, the debtors respectfully request that
8 the Court grant this 57th omnibus objection.

9 THE COURT: The 57th omnibus objection is granted.

10 MS. ECKOLS: Agenda item number 4, debtors' 58th
11 omnibus objection to claims, seeks to disallow and expunge
12 claims that violated the bar date orders requirement that
13 claimants provide supporting documentation or an explanation as
14 to why said documentation was not available. The debtors are
15 proceeding uncontested with respect to that objection, and,
16 thus, the debtors respectfully request that the Court grant
17 omnibus objection number 58.

18 THE COURT: Omnibus objection number 58 is granted.

19 MS. ECKOLS: Your Honor, agenda items 5 and 6, which
20 are omnibus objections 59 and 61, I was going to take up
21 together unless Your Honor has an objection to me doing so.

22 THE COURT: You may take those together.

23 MS. ECKOLS: Omnibus objections 59 and 61 seek to
24 disallow and expunge claims filed by individual holders of
25 securities that are, in substance, duplicative of the global

1 claims filed by the applicable indenture trustee, that would be
2 Wilmington Trust and/or Bank of New York Mellon, on behalf of
3 the holders of those same securities. These two omnis cover
4 approximately 150 claims, and, as they have done in the past,
5 the debtors coordinated with the indenture trustees and the
6 indenture trustees appointed specific attorneys that the
7 debtors could refer claimants with additional questions to. As
8 we are proceeding uncontested, the debtors respectfully request
9 that the Court grant omnibus objection numbers 59 and 61.

10 THE COURT: Omnibus objections 59 and 61 are granted.

11 MS. ECKOLS: Your Honor, agenda item number 7, which
12 is the 62nd omnibus objection to claims, is seeking to reduce
13 certain settled derivative claims by approximately 76.6 million
14 dollars. These were claims that the parties had reached an
15 agreement with respect to the claim amount, classification,
16 and/or debtor entity that is not reflected on that claimant's
17 proof of claim. The omnibus objection is seeking to modify
18 those claims to conform to the parties' agreement. Thus, the
19 debtors respectfully request that the Court grant omnibus
20 objection number 62.

21 THE COURT: The 62nd omnibus objection is granted.

22 MS. ECKOLS: Thank you. Agenda item number 8, which
23 is omnibus objection number 63, this objection seeks to reduce
24 and allow certain derivative claims, and, in certain instances,
25 also seeks to reclassify and/or clarify the debtor counterparty

1 for those claims. The debtors received responses from four
2 counterparties and adjourned those responses to the January
3 20th hearing so that the parties could try to resolve those
4 claims. The debtors seek, in their proposed order, to adjourn
5 the hearing date as to each of those counterparties to January
6 20th.

7 The debtors agree to extend the response deadline for
8 three counterparties, with the corresponding adjournment of the
9 hearing date for those. And debtors, therefore, seek in the
10 proposed order to adjourn the hearing as to one of those
11 counterparties to December 22nd and to adjourn the hearing as
12 to the other two counterparties to January 20th.

13 THE COURT: So all you're seeking at this point is
14 simply approval of those adjournments, or are you also seeking,
15 as to those that have not responded, any relief?

16 MS. ECKOLS: That was my next comment. Seeking your
17 approval of the adjournment and the omnibus objection to the
18 extent it's uncontested.

19 THE COURT: To the extent it's uncontested the omnibus
20 objection number 63 is granted.

21 MS. ECKOLS: Thank you, Your Honor. Moving on to the
22 portion of the agenda that is under contested matters, agenda
23 number 9, which is debtors' omnibus objection number 51, this
24 is a carryover item from omnibus objection 51, which objection
25 was heard and granted at the November 10th claims hearing.

1 Today we're proceeding with respect to the claims of Karen
2 Reinike as trustee for the Karen Reinike trust and a response
3 in opposition to omnibus objection 51. The debtors are seeking
4 to disallow and expunge Ms. Reinike's claim 10587 and 10588 as
5 being duplicative of the global claim filed by Wilmington Trust
6 as indenture trustee. Again, this was originally set for the
7 November 10 hearing, but the debtors agreed to adjourn in an
8 effort to reach a consensual resolution with Ms. Reinike.

9 The debtors have made substantial efforts to resolve
10 Ms. Reinike's objection, including having several telephone
11 conversations with her, sending Ms. Reinike a copy of the
12 Wilmington Trust claim, showing Ms. Reinike where her CUSIP
13 number is on the Wilmington Trust claim and making sure that
14 Wilmington Trust counsel spoke with her. However, Ms. Reinike
15 determined that she would like to pursue her objection at
16 today's hearing. And, Your Honor, Ms. Reinike's opposition to
17 debtors' 51st omnibus objection should be overruled and her
18 claim should be disallowed and expunged. Ms. Reinike filed two
19 proofs of claim, claim numbers 10587 and 10588, seeking to
20 recover for securities with the CUSIP number 52519FFM8. That
21 CUSIP belongs to securities that Wilmington Trust is seeking to
22 recover for as an indenture trustee under claim 10082, and that
23 CUSIP is specifically listed on the Wilmington Trust claim.

24 Accordingly, Ms. Reinike's claims are duplicative of
25 the Wilmington Trust claim. In fact, Ms. Reinike does not

1 dispute that her claims are duplicative of the Wilmington Trust
2 claim, and, in fact, debtors' counsel identified and walked
3 through on the phone with her where that CUSIP was on the
4 Wilmington Trust claim. Instead, Ms. Reinike's opposition is
5 based on financial hardship. Financial hardship, however, does
6 not change the fact that her claims are, in fact, duplicative
7 of the Wilmington Trust indenture trustee claim. Accordingly,
8 the debtors respectfully request that Your Honor overrule Ms.
9 Reinike's response and grant omnibus objection 51 as to her
10 claims.

11 THE COURT: Is Karen Reinike on the telephone?
12 There's no response. Apparently she's not on the phone. Is
13 there anyone representing her interests on the telephone?
14 Again, no response. Did anybody speak with you about her
15 participation in the hearing?

16 MS. ECKOLS: When I spoke with Ms. Reinike last week
17 it was my understanding that she was going to be participating
18 telephonically.

19 THE COURT: I did review Ms. Reinike's handwritten
20 objection, which provides considerable detail as to her
21 personal circumstances and makes clear that she is experiencing
22 both medical and financial hardships at this time, and I'm
23 sorry about that.

24 However, the 51st omnibus objection to claims is based
25 on the duplicative nature of claims that have already been the

1 subject of an indenture trustee claim, and under the
2 circumstances there's no legally cognizable reason not to grant
3 the 51st omnibus claim objection as it relates to Ms. Reinike's
4 claim, particularly in light of the representations made by
5 counsel that she acknowledges that her claim is duplicative of
6 the Wilmington Trust claim. Under the circumstances of that
7 acknowledgement and the fact that she's not participating in
8 this hearing by telephone to represent her interests I grant
9 the 51st omnibus objection as it relates to her claim.

10 MS. ECKOLS: Thank you, Your Honor. And moving on to
11 agenda item number 10, which is omnibus objection number 60,
12 Your Honor, as I previously mentioned, debtors' 60th omni is
13 now proceeding on an uncontested basis. It is another
14 objection seeking to disallow and expunge claims on the basis
15 that they are, in substance, duplicative of the global claims
16 filed by the applicable indenture trustee. The only response
17 received to the 60th omnibus objection was that of Ms. Mannix,
18 and last night Ms. Mannix's counsel informed debtors, via e-
19 mail, that he had confirmed that Ms. Mannix's security was on
20 the applicable Bank of New York Mellon claim and that Ms.
21 Mannix's objection was therefore withdrawn.

22 As omni number 60 is now uncontested, the debtors
23 respectfully request that Your Honor grant debtors' 60th
24 omnibus objection to claims.

25 THE COURT: The 60th omnibus objection to claims is

1 granted.

2 MS. ECKOLS: And, Your Honor, that concludes the
3 matters going forward today on the agenda.

4 THE COURT: All right. If there's nothing further
5 we're adjourned.

6 MS. ECKOLS: Thank you, Your Honor.

7 THE COURT: Thank you.

8 (Whereupon these proceedings were concluded at 10:40 AM)

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I N D E X

RULINGS

Page Line

Granting of Debtors' 21 9

Motion for Approval of

the Sale of LBSF's

Interest in a Note and

its Equity in Libro

Companhia Securitizadora

de Creditos Financeiros

Granting of Debtors' 24 2

49th Omnibus Objection

as to Mr. Thoma's Claim

Granting of Debtors' 24 9

57th Omnibus Objection

to Claims

Granting of Debtors' 24 18

58th Omnibus Objection

to Claims

1			
2	Granting of Debtors'	25	10
3	59th and 61st Omnibus		
4	Objections to Claims		
5			
6	Granting of Debtors'	25	21
7	62nd Omnibus Objection		
8	to Claims		
9			
10	Granting of Debtors'	26	20
11	63rd Omnibus Objection		
12	to Claims for Uncontested		
13	Objections		
14			
15	Granting of Debtors'	29	8
16	51st Omnibus Objection		
17	to Claims for Ms. Reinike's		
18	Claim		
19			
20	Granting of Debtors'	29	25
21	60th Omnibus Objection		
22	to Claims		
23			
24			
25			

C E R T I F I C A T I O N

I, Hana Copperman, certify that the foregoing transcript is a
true and accurate record of the proceedings.

Hana
Copperman

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Date: December 2, 2010